

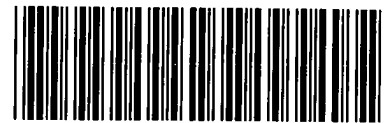
Company registration number: 04832183

Epam Systems Limited

Financial statements

31 December 2021

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Epam Systems Limited

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Epam Systems Limited

Directors and other information

Directors	Mrs A Rajdev Mr A Dobkin	(Appointed 31 March 2021) (Resigned 31 March 2021)
Secretary	Corporation Service (UK) Limited	
Company number	04832183	
Registered office	5 Churchill Place 10th Floor London E14 5HU	
Auditor	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE	

Epam Systems Limited
Strategic report
Year ended 31 December 2021

Strategy and objectives

EPAM Systems Limited (hereinafter "EPAM UK" or "UK Company") is a wholly owned subsidiary of EPAM Systems, Inc. and the UK company is responsible for delivering the completion of client projects primarily in the UK territory, as well as providing sales and marketing services. The UK company is an integral part of the EPAM Group, and its strategy, objectives and key risks and uncertainties are consistent with those of the Group.

The EPAM Group

Company background

EPAM delivers end-to-end value to its customers by leveraging its advanced software engineering heritage with business and experience consulting to become one of the foremost global digital transformation services providers. We focus on building long-term partnerships with our customers in a market that is constantly challenged by the pressures of digitization through our innovative strategy and scalable software solutions, integrated advisory, business consulting and experience design, and a continually evolving mix of advanced capabilities. We support our customers while enabling them to reimagine their businesses through a digital lens.

Our historical core competency, software development and product engineering services, combined with our work with global leaders in enterprise software platforms and emerging technology companies, created our foundation for the evolution of our other offerings, which include advanced technology software solutions, intelligent enterprise services and digital engagement. Our strategic acquisitions have expanded our geographic reach and service capabilities to include digital strategy and design, consulting and test automation and we expect our strategic acquisitions will continue to enable us to offer a broader range of services to our customers from a wide variety of locations.

Business Strategy

Our service offerings continuously evolve to provide more customized and integrated solutions to our customers where we combine best-in-class software engineering with customer experience design, business consulting and technology innovation services. We are continually expanding our service capabilities, moving beyond traditional services into business consulting, design and physical product development and areas such as artificial intelligence, robotics, and virtual reality.

EPAM's key service offerings and solutions include the following practice areas: Engineering, Operations, Optimization, Consulting and Design.

Industry Expertise

Strong industry-specific knowledge, backed by extensive experience merging technology with the business processes of our customers, allows us to deliver tailored solutions to various industry verticals. Our customers operate in five main industry verticals as well as a number of other emerging verticals in which we are increasing our presence. The main industry verticals include Financial Services, Travel and Consumer, Software and Hi-Tech, Business Information and Media, Life Sciences and Healthcare. We also serve the diverse technology needs of customers in the energy, telecommunications, real estate, automotive and various manufacturing industries, as well as government customers. For these customers we develop tools such as plant management platforms, energy saving applications, inventory management mechanisms, connected vehicle platforms and undertake various industry specific aspects of intelligent automation and operational efficiency. These customers are included in our Emerging Verticals.

Epam Systems Limited
Strategic report (continued)
Year ended 31 December 2021

Global Delivery Model

We believe the development of a robust global delivery model creates a key competitive advantage, enabling us to better understand and meet our customers' diverse needs and to provide a compelling value proposition. We continuously grow our delivery platform both organically and through strategically acquired locations and personnel with diversified skills that support our strategy. We had 52,617 delivery personnel as of December 31, 2021, which mainly includes our core information technology professionals as well as designers, consultants, and scientists.

We serve our customers through on-site, off-site, and offshore locations across the world and use strategically located delivery centres to offer a strong, diversified and cost-effective delivery platform. Our largest delivery centres are located in Ukraine, Belarus and Russia and our delivery model has not been materially affected by the political and economic uncertainty in these locations.

EPAM UK utilizes primarily the delivery centres located in Ukraine, Belarus, Czech Republic, Russia, Poland, India and Bulgaria.

Quality Management and Information Security

We are continuously investing in applications, tools, and infrastructure to manage all aspects of our global delivery process in order to manage quality and information security risks, while providing control and visibility across all project lifecycle stages both internally and to our customers. We maintain, monitor, and improve processes and infrastructure to protect our, our customers' and their customers' confidential and sensitive information and allocate internal and external resources to assess and ensure information security, cybersecurity, and data privacy. We have made significant investments in the appropriate people, processes, and technology to establish and manage information security, confidentiality requirements, and laws and regulations governing our activities, such as the European Union data protection legal framework referred to as the General Data Protection Regulation ("GDPR"), among others.

Corporate and Social Responsibility

We are committed to integrating positive social, environmental, and ethical practices into our business operations, corporate governance, and strategy. This commitment is key to our continual development as a business and drives value for our employees, customers, business partners, the community, and other stakeholders. We practice the principles established in our Code of Ethical Conduct by making positive contributions to the communities in which we operate and championing corporate social responsibility efforts.

Sales and Marketing

We market and sell our services through our senior management, sales and business development teams, account managers, and professional staff. Our client service professionals and account managers, who maintain direct customer relationships, play an integral role in engaging with current customers to identify and pursue potential business opportunities. This strategy has been effective in promoting repeat business and growth from within our existing client base and we believe that our reputation as a reliable provider of software engineering solutions drives additional business from inbound requests and referrals. In addition to effective client management, our sales model also utilizes an integrated sales and marketing approach that leverages a dedicated sales team to identify and acquire new accounts. We maintain a marketing team, which coordinates corporate-level branding efforts such as participation in and hosting of industry conferences and events as well as sponsorship of programming competitions.

Epam Systems Limited
Strategic report (continued)
Year ended 31 December 2021

Competition

The markets in which we compete are changing rapidly and we face competition from both global technology solutions providers as well as those based primarily in specific geographies with lower cost labour such as Eastern Europe, India, and China. We believe that the principal competitive factors in our business include technical expertise and industry knowledge, end-to-end solution offerings, a reputation for and a track record of high-quality and on-time delivery of work, effective employee recruiting, training and retention, responsiveness to customers' business needs, ability to scale, financial stability and price.

We face competition from various technology services providers such as Accenture, Atos, Capgemini, Cognizant Technology Solutions, Deloitte Digital, DXC Technology, Endava, Genpact, GlobalLogic, Globant, Grid Dynamics, HCL Technologies, Infosys, Tata Consultancy Services, and Wipro, among others. Additionally, we compete with numerous smaller local companies in the various geographic markets in which we operate.

We believe that our focus on complex and innovative software product development solutions, our technical employee base, and our development and continuous improvement in process methodologies, applications and tools position us well to compete effectively in the future.

Human Capital

Our more than 58,000 employees are a key factor in our ability to grow our revenues and serve our customers. We have dedicated full-time employees who oversee all aspects of our human capital management process including a professional talent acquisition team whose objective is to locate and attract qualified and experienced IT professionals within various EPAM locations. It is critical that we effectively plan our short-term and long-term recruitment needs and deploy the necessary personnel and processes to optimize utilization and quickly satisfy the demands of our customers.

We invest in programs designed to improve the physical, mental, and social well-being of our employees so we can offer a safe, welcoming, and productive workplace. Our health and safety programs are designed to comply with the regulations in the multiple cities and countries where we operate, but also provide working conditions designed to be compatible with the working necessities of our delivery and administrative operations. In response to the continued unpredictability of the COVID-19 pandemic, we adapted our remote and onsite working policies to conform with current public health guidance. A vast majority of our employees continue to work from home, but for those who choose or need to work in an office setting, we have implemented safety measures and developed policies or refined safe working technologies for those employees who work in our or our customers' facilities.

Recognizing that the lingering uncertainty associated with the COVID-19 pandemic and remote work could continue to significantly disrupt the work-life balance and wellness of our employees, we increased employee awareness of the programs we offer to support and enhance our employees' mental, financial, and physical well-being and provided parenting and caregiver resources.

EPAM invests significant resources in training and developing our employees through our learning and development programs. Our largest learning and development investment has been directed towards developing our engineering talent, including targeted training programs, innovation labs, and significant internal production projects. We deliver training and development opportunities and content through our unique learning ecosystem that promotes learning in the daily workflow to improve retention and productivity, and through dedicated events, including our week-long global learning event.

Epam Systems Limited
Strategic report (continued)
Year ended 31 December 2021

EPAM provides our customers with the skills of our talented personnel, which includes people with varied and diverse backgrounds and characteristics, to drive innovation and thought diversity in delivering our services. We believe that innovation comes from the unique perspectives, knowledge, and experiences of our global employees, so we strive to create inclusivity by offering comprehensive language learning programs, highlighting and sharing our varied cultures, and empowering women and underrepresented groups to celebrate their achievements in the workplace.

We are committed to respecting our employees' fundamental human rights at work and accordingly are a participant in the United Nations Global Compact. We believe that retaining skilled talent requires substantially more than meeting basic employment and labour rights, and that employees who are fairly compensated, feel supported in their career development, and are engaged with their employer are more likely to remain with that employer. That is why we strive to provide pay and benefits that demonstrate the value of our employees to us, including a competitive salary, flexible work-life balance, paid time off, health coverage, ongoing training programs, relocation options, and recognition opportunities for open source software contributions.

Our career development programs create detailed and progressive training plans for our employees and help them choose from internal and external training options, mentoring programs, and hands-on opportunities to experience emerging technology areas. We designed our career development programs to enable our employees to develop their engineering skills, influence our culture, develop thought leadership, and introduce them to leaders in our industry. Our career development programs also give our employees opportunities to earn accreditation and relevant expertise in various technology fields, including software and project management certifications and recognition and credentialing from the industry's primary software and cloud services providers.

The UK company had 522 IT professionals, sales and marketing and administration staff, an increase of 270 people over the prior year. The ability to provide services to EPAM UK customers is mainly from the utilization of these development centres that provide the skilled resources required to fulfil the contractual obligations.

The UK company also utilizes subcontracted IT professionals to supplement in house skills or where specialist skills are required. It also has contracts with several recruitment companies to source local talent.

Intellectual Property

Protecting our intellectual property rights is important to our business. We have invested, and will continue to invest, in research and development to enhance our knowledge, create solutions for our customers, and continuously advance our information security. We rely on a combination of intellectual property laws, trade secrets, cybersecurity, and confidentiality obligations to protect our intellectual property.

Epam Systems Limited
Strategic report (continued)
Year ended 31 December 2021

Key Performance Indicators for EPAM UK

- a) Growth in revenues from existing and new clients, emphasis on higher value consultancy work
- b) Analysis of revenues receivable by sector
- c) Acquisition rate of new work from existing and new clients
- d) Utilization rate of offshore delivery centres
- e) Minimizing "bench" time for UK staff
- f) Client satisfaction levels
- g) Profitability of contracts, recovery rates against offshore delivery centre rates
- h) Efficient utilization of subcontracted staff
- i) Control of office overheads

The UK Company considers that in general it has performed well against those benchmarks.

Principal Risks and Uncertainties Relating to EPAM UK Business and the EPAM Global Business

The risks identified at a Group level are detailed below (for further details on the specific risks listed please refer to the EPAM Group Consolidated 10K report also filed with Companies House). These may not specifically affect the UK company on a standalone basis, but the ability to deliver services to EPAM UK customers utilizing the development centre resources would be significantly impacted should the following risk factors arise.

- We may be unable to effectively manage our rapid growth or achieve anticipated growth, which could place significant strain on our management, systems, resources, and results of operations.
- Our results of operations have been adversely affected and could in the future be materially adversely affected by the COVID-19 pandemic.
- We must successfully attract, hire, train and retain qualified personnel to service our customers' projects and we must productively utilize those personnel to remain profitable.
- There may be adverse tax and employment law consequences if the independent contractor status of some of our personnel or the exempt status of our employees is successfully challenged.
- Our success depends substantially on the continuing efforts of our senior executives and other key personnel, and our business may be severely disrupted if we lose their services.
- If we fail to integrate or manage acquired companies efficiently and effectively, or if acquisitions do not perform to our expectations, our overall profitability and growth plans could be materially adversely affected.
- Instability in geographies where we have significant operations and personnel or where we derive substantial amounts of revenue could have a material adverse effect on our business, customers, service delivery, and financial results.
- Increases in wages, equity compensation, and other compensation expenses could prevent us from sustaining our competitive advantage, increase our costs, and result in dilution to our stockholders.

Epam Systems Limited
Strategic report (continued)
Year ended 31 December 2021

- We face intense and increasing competition for customers and opportunities from onshore and offshore IT services and other consulting companies. If we are unable to compete successfully against competitors, pricing pressures or loss of market share could have a material adverse effect on our business.
- Complying with a wide variety of legal requirements in the jurisdictions where we operate can create risks to our operations and financial condition, including liquidation of the subsidiaries that operate our major delivery centres.
- Our operating results may be negatively impacted by the loss of certain tax benefits provided to companies in our industry by the governments of Belarus and other countries.
- Existing policy and substantial changes to fiscal, political, regulatory, and other federal policies may adversely affect our business and financial results.
- We are subject to laws and regulations in the United States and other countries in which we operate, including export restrictions, economic sanctions, the FCPA, and similar anti-corruption laws. Compliance with these laws requires significant resources and non-compliance may result in civil or criminal penalties and other remedial measures.
- We generally do not have long-term commitments from our customers, our customers may terminate contracts before completion or choose not to renew contracts, and we are not guaranteed payment for services performed under contract. A loss of business or non-payment from significant customers could materially affect our results of operations.
- Our revenues are highly dependent on a limited number of industries, and any decrease in demand for outsourced services in these industries could reduce our revenues and adversely affect our results of operations.
- We face risks associated with having a long selling and implementation cycle for our services that require us to make significant resource commitments prior to realizing revenues for those services.
- If we are unable to adapt to rapidly changing technologies, methodologies, and evolving industry standards, we may lose customers and our business could be materially adversely affected.
- A significant failure in our systems, telecommunications or IT infrastructure could harm our service model, which could result in a reduction of our revenues and otherwise disrupt our business.
- Our ability to generate and retain business could depend on our reputation in the marketplace.
- We may not be able to prevent unauthorized use of our intellectual property, and our intellectual property rights may not be adequate to protect our business and competitive position.
- Security breaches and other disruptions to network security could compromise our information and expose us to liability, which would cause our business and reputation to suffer.
- Development and deployment of measures to protect our information security or that of our customers may be inadequate and could adversely affect our results of operations.
- Undetected software design defects, errors or failures may result in loss of business or in liabilities that could materially adversely affect our business.
- Our stock price is volatile.

Epam Systems Limited
Strategic report (continued)
Year ended 31 December 2021

- We may need additional capital, and a failure to raise additional capital on terms favourable to us, or at all, could limit our ability to grow our business and develop or enhance our service offerings to respond to market demand or competitive challenges.
- Our hedging program is subject to counterparty default risk.
- War, terrorism, other acts of violence or natural or man-made disasters may affect the markets in which we operate, our customers, and our service delivery.
- Our effective tax rate could be materially adversely affected by several factors.

Since the beginning of the COVID-19 pandemic, the vast majority of our employees have been able to productively and securely work from a remote location, so we do not expect that COVID-19 will have a material adverse effect on our ability to operate our business or productively deliver services to our customers, nor on our financial reporting systems, internal control over financial reporting, or disclosure controls and procedures. Extended or expanded restrictions on travel and immigration from other countries may continue to impact our operations. However, we do not believe that the current travel and immigration restrictions will have a material adverse effect on our business or financial condition.

Overview of 2021

The UK Market is a significant player in the Global Technology Ecosystem, and it is a major market for EPAM in Europe. The Tech sector in the UK has been a strong performer as it grew much faster than the overall economy.

EPAM UK has demonstrated revenue growth during 2021 as it managed to increase its revenues by £83m during the year. Although some Client accounts demonstrated weaker performance due to various reasons, overall, the team managed to build on existing customer relationships and also attracted several new company logos to the EPAM portfolio.

Following the acquisition of Ricston Ltd in September 2020, EPAM intended to simplify the UK corporate structure by "hiving up" Ricston UK Ltd into Epam Systems Limited. Effective as of April 1, 2021 the business activity of Ricston UK Ltd was transferred to Epam Systems Limited Ltd. Contracts with continuing customers and vendors were formally novated to Epam Systems Ltd over a transitional period following April 1, 2021.

Future developments

On February 24, 2022, Russian forces launched significant military action against Ukraine, and sustained conflict and disruption in the region is likely. The impact to Ukraine as well as actions taken by other countries, could have a material adverse effect on EPAM's global delivery of services.

EPAM announced on April 7, 2022, that it had begun the process of exiting its operations in Russia. This decision follows the EPAM's previous announcement to discontinue service for customers in Russia in response to the ongoing unlawful and unconscionable attack on the people of Ukraine. This effort will be completed in phases over the following three months, in close collaboration with the Company's employees, contractors, and customers.

Consistent with the Company's business continuity plans, which were activated in February 2022, EPAM is accelerating the transition of its Russia-based operations through active employee relocations. Additionally, EPAM has accelerated hiring across Europe, Central Asia, India and Latin America will further advance the geographic diversification of its global network.

Epam Systems Limited
Strategic report (continued)
Year ended 31 December 2021

EPAM stands with Ukraine and on March 4, 2022, announced a \$100 million humanitarian commitment to support its employees and their families in the country. EPAM continues to work in conjunction with its people, customers, and partners as a global community to help Ukraine and the people of Ukraine everywhere.

EPAM expect continued uncertainty regarding the impacts the pandemic will have on our business, financial condition, and results of operations. We actively monitor our business and the needs of our employees, customers, and communities to determine the appropriate actions to take to ensure the safety of our employees and our ongoing operations. Economic and demand uncertainty in the current environment may impact our future results. We continue to monitor the demand for our services and our ability to deliver them, while continuing to assess how the economic effects of COVID-19 may impact our human capital allocation, revenues, operating expenses, and profitability.

Despite of headwinds mentioned above EPAM UK will continue to strongly focus developing its existing customer base, attract new company logos and enter new markets where feasible. In 2022 and onwards, EPAM UK is planning to continue market expansion with some new acquisition deals. There are no plans for any substantial change in the business model or day to day operations.

Section 172(1) Statement

The Company directors understand and are aware of their duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regards (amongst other matters) to:

- a) The likely consequences of any decision in the long term
- b) The interests of the Company's employees
- c) The need to foster the Company's business relationships with suppliers, customers and others
- d) The impact of the Company's operations on the community and the environment
- e) The desirability of the Company maintaining a reputation for high standards of business conduct and
- f) The need to act fairly as between members of the Company

Long term consequences of business decisions

We remain committed to diversifying our client base and adding more customers to our client mix, we expect revenue concentration from our top customers to continue to decrease over the long-term.

Our sustained growth and increased capabilities are furthered by both organic growth and strategic acquisitions. We continually evaluate potential acquisition targets that can expand our vertical-specific domain expertise, geographic footprint, service portfolio, client base and management expertise.

Employees

Our employees are a key factor in our ability to grow our revenues and serve our customers, therefore the ability to hire and retain highly-skilled information technology professionals is critical to our success.

We believe the quality of our employees serves as a key point of differentiation in how we deliver a superior value proposition to our customers. To attract, retain and motivate our delivery professionals, we offer a challenging work environment, ongoing skills development initiatives, attractive career advancement, and promotion opportunities thus providing an environment and culture that rewards entrepreneurial initiative and performance.

Epam Systems Limited
Strategic report (continued)
Year ended 31 December 2021

Fostering the Company's business relationships with suppliers, customers and others

The impact of the company's activities on our stakeholders, including our employees, customers and suppliers is essential for the Company's success and an important consideration when making decisions.

We maintain a diverse client base in multiple industries. Our focus on delivering quality service is reflected in established long term relationships with many of our customers.

The relationship between EPAM Systems Ltd. and each of its suppliers, vendors, and subcontractors and all other third-party companies that comprise EPAM Systems' supply chain is important and plays an integral part of achieving and maintaining high performance in our business.

Impact on the environment and community

We are committed to integrating positive social, environmental and ethical practices into our business operations and strategy. This commitment is key to our continual development as a business and drives value for our employees, customers, business partners, the community and other stakeholders. We practice the principles established in our Code of Ethical Conduct by making positive contributions to the communities in which we operate and championing corporate social responsibility efforts.

Maintaining reputation for high standards of business conduct

As a subsidiary of a US listed entity Epam Systems Ltd. and all its employees are subject to our global Code of Ethical Conduct which build on the following guiding principles:

- Respect, value and support people
- Behave with integrity in all communications, records and business activities
- Protect and enhance EPAM's information and assets
- Comply with laws

The Ethical Code of Conduct educates our employees about ethical, lawful and professional conduct and guides them to live Epam's core values which will help Epam maintain its reputation for excellence.

The need to act fairly between members of the Company

Our people maintain a culture where we respect and support our work colleagues, build productive relationships, and value inclusion and diversity

This report was approved by the board of directors on 26 September 2022 and signed on behalf of the board by:



Mrs A Rajdev

Director

Epam Systems Limited

Directors report Year ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Directors

The directors who served the company during the year were as follows:

Mrs A Rajdev (Appointed 31 March 2021)

Mr A Dobkin (Resigned 31 March 2021)

Dividends

The company paid a dividend of £15m during the year. The directors do not recommend the payment of a final dividend for 2021.

Future developments

The company will continue to develop and explore new business markets within the UK and the Rest of the World.

Greenhouse gas emissions and energy consumption

	Unit	2021	2020
Total energy consumed	kWh	284,723	331,380

Methodologies for energy and emissions calculations

The facilities manager of Epam has calculated the energy use of the UK operations by reviewing the utility bills of the UK offices in London and Newcastle.

Principal measures taken to increase energy efficiency

Continued investment in our technology stack has supported the shift to working from home during Covid. This investment will also have a long-term energy efficiency impact by further minimising the need for travel and reducing our emissions.

During the extensive periods out of the office, we work closely with our landlords to minimise the energy consumption of our office spaces during periods of no use. By alterations of air conditioning schedule, lighting schedules etc, we were able to reduce energy consumption. Furthermore, this work with the landlord extended communal spaces where we also feel the carbon impact.

Employment of disabled persons

The company is not aware of employing any persons with a registered disability during the financial year.

However, if an employee notifies Epam of a disability within the legal definition of a disability, we will only use that information to assess and implement any reasonable adjustments, as required by law.

Epam Systems Limited

Directors report (continued) Year ended 31 December 2021

Employee involvement

The company provides regular information to employees through quarterly townhall meetings where employees can direct questions on any company topic. In addition, the company runs regular peakon surveys and feedback is addressed at team and country wide level. The company has two committees, one covering employee engagement activities and the other looks at mental wellbeing.

The company facilitates a share incentive plan operated by Epam Systems Inc, with employees of the company receiving remuneration in the form of stock options and restricted ordinary shares ("RSU's" as consideration for services rendered.

All new joiners to Epam Systems Limited are given equal access to the employee handbook as part of the onboarding process. The handbook includes the Epam Equal Opportunities and Harassment Policy which applies to the full life cycle of the employee - including recruitment, training, promotion, and all other aspects of employment.

Financial instruments

a) the financial risk management objectives and policies of the company.

Whilst the turnover of the company continues to grow, its financial management structure is relatively simple. It does not hold any complex financial instruments, finances are managed by use of bank accounts denominated in sterling, euro, and dollar. Currency risk is therefore minimised in dealings with overseas companies.

(b) the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk.

The key cash flow risk is slow or non-recovery of accounts receivable from customers. This is mitigated by initial consideration of the financial position of a new customer and thereafter strong debt management policies. The company manages price risk by agreeing charge out rates with customers at the commencement of each project.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 27 to the financial statements.

Overseas branches

The company has subsidiaries in Spain, Romania, and Malta.

Other matters

During the year ended 31 December 2021 the company operations generated a £23,332,932 profit before tax. Net assets of the company demonstrate a strong growth, with cash balances of £38,227,095. The company's underlying profitability from operating activities remains good and is expected to continue to do so. We cannot accurately predict the extent to which the COVID-19 pandemic will continue to impact our business directly and indirectly, results of operation and financial condition. The directors actively monitor the business and the needs of our employees, customers, and communities to determine the appropriate actions to protect the health and safety of our employees and our ongoing operations. The directors to the best of their current knowledge and based on the procedures performed consider it appropriate to adopt the going concern basis in preparing the financial statements.

Epam Systems Limited

Directors report (continued) Year ended 31 December 2021

Disclosure of information in the strategic report.

The company has chosen in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This report includes information that would have been included in the business review and the principal risks and uncertainties.

Directors responsibilities statement

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 26 September 2022 and signed on behalf of the board by:



Mrs A Rajdev
Director

Epam Systems Limited

**Independent auditor's report to the members of
Epam Systems Limited
Year ended 31 December 2021**

Opinion

We have audited the financial statements of EPAM Systems Limited for the year ended 31 December 2021 which comprise of a profit and loss account, balance sheet, cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Epam Systems Limited

Independent auditor's report to the members of Epam Systems Limited (continued) Year ended 31 December 2021

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Epam Systems Limited

Independent auditor's report to the members of Epam Systems Limited (continued) Year ended 31 December 2021

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation.

Further, the company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements; through a significant fine, litigation or restrictions on the company's operations. We identified the most significant laws to be UK employment laws and labour standards.

Epam Systems Limited

**Independent auditor's report to the members of
Epam Systems Limited (continued)
Year ended 31 December 2021**

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


.....

Jamie Cassell (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE
30 September 2022

Epam Systems Limited

**Statement of comprehensive income
Year ended 31 December 2021**

	Note	2021 £	2020 £
Turnover	4	299,458,325	216,144,019
Cost of sales		(266,216,314)	(192,124,811)
Gross profit		<u>33,242,011</u>	<u>24,019,208</u>
Administrative expenses		(10,060,767)	(5,862,698)
Other operating income	5	139,458	400,642
Operating profit	6	<u>23,320,702</u>	<u>18,557,152</u>
Other interest receivable and similar income	9	14,552	27,844
Amounts written off investments	10	-	(2,788,761)
Interest payable and similar expenses	11	(2,322)	-
Profit before taxation		<u>23,332,932</u>	<u>15,796,235</u>
Tax on profit	12	(1,530,860)	(1,126,811)
Profit for the financial year and total comprehensive income		<u>21,802,072</u>	<u>14,669,424</u>

All the activities of the company are from continuing operations.

Epam Systems Limited

**Statement of financial position
31 December 2021**

		2021		2020	
	Note	£	£	£	£
Fixed assets					
Tangible assets	15	1,075,094		921,401	
Investments	16	5,781,623		5,842,661	
		6,856,717		6,764,062	
Current assets					
Debtors	17	89,509,815		44,934,610	
Cash at bank and in hand		38,227,095		48,674,055	
		127,736,910		93,608,665	
Creditors: amounts falling due within one year	18	(98,310,805)		(63,067,855)	
Net current assets		29,426,105		30,540,810	
Total assets less current liabilities		36,282,822		37,304,872	
Net assets		36,282,822		37,304,872	
Capital and reserves					
Called up share capital	23		1		1
Profit and loss account	24	36,282,821		37,304,871	
Shareholders funds		36,282,822		37,304,872	

Epam Systems Limited

**Statement of financial position (continued)
31 December 2021**

These financial statements were approved by the board of directors and authorised for issue on 26 September 2022, and are signed on behalf of the board by:



Mrs A Rajdev

Director

Company registration number: 04832183

Epam Systems Limited

**Statement of changes in equity
Year ended 31 December 2021**

	Called up share capital	Profit and loss	Total
	£	£	£
At 1 January 2020	1	22,901,591	22,901,592
Profit for the year		14,669,424	14,669,424
	-----	-----	-----
Total comprehensive income for the year	-	14,669,424	14,669,424
Equity settled share-based payments		3,891,791	3,891,791
Distributions to parent in relation to share based payments	-	(4,157,935)	(4,157,935)
	-----	-----	-----
Total investments by and distributions to owners	-	(266,144)	(266,144)
	-----	-----	-----
At 31 December 2020 and 1 January 2021	1	37,304,871	37,304,872
Profit for the year		21,802,072	21,802,072
	-----	-----	-----
Total comprehensive income for the year	-	21,802,072	21,802,072
Dividends paid and payable		(15,000,000)	(15,000,000)
Equity settled share-based payments		4,214,377	4,214,377
Distributions to parent in relation to share based payments	-	(12,038,499)	(12,038,499)
	-----	-----	-----
Total investments by and distributions to owners	-	(22,824,122)	(22,824,122)
	-----	-----	-----
At 31 December 2021	1	36,282,821	36,282,822
	-----	-----	-----

Epam Systems Limited

**Statement of cash flows
Year ended 31 December 2021**

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the financial year	21,802,072	14,669,424
<i>Adjustments for:</i>		
Depreciation of tangible assets	519,176	542,748
Amounts written off investments	-	2,788,761
Government grant income	-	(372,184)
Other interest receivable and similar income	(14,552)	(27,844)
Interest payable and similar expenses	2,322	-
Loss on disposal of tangible assets	447	6,875
Share-based payment expense equity settled	4,214,377	3,891,791
Tax on profit	1,530,860	1,126,811
Distribution to parent in relation to share based payment	(12,038,499)	(4,157,935)
Provision and employee benefits	-	(298,128)
<i>Changes in:</i>		
Trade and other debtors	(43,546,382)	(2,575,726)
Trade and other creditors	35,242,950	11,454,762
	<hr/>	<hr/>
Cash generated from operations	7,712,771	27,049,355
Interest paid	(2,322)	-
Interest received	14,552	27,844
Tax paid	(2,559,682)	(77,452)
	<hr/>	<hr/>
Net cash from operating activities	5,165,319	26,999,747
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of tangible assets	(673,317)	(356,850)
Acquisition of subsidiaries	61,038	(5,827,717)
	<hr/>	<hr/>
Net cash used in investing activities	(612,279)	(6,184,567)
	<hr/>	<hr/>

Epam Systems Limited

**Statement of cash flows (continued)
Year ended 31 December 2021**

	2021	2020
	£	£
Cash flows from financing activities		
Government grant income	-	372,184
Equity dividends paid	(15,000,000)	-
	<u> </u>	<u> </u>
Net cash (used in)/from financing activities	(15,000,000)	372,184
	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	(10,446,960)	21,187,364
Cash and cash equivalents at beginning of year	48,674,055	27,486,691
	<u> </u>	<u> </u>
Cash and cash equivalents at end of year	38,227,095	48,674,055
	<u> </u>	<u> </u>

Epam Systems Limited

Notes to the financial statements Year ended 31 December 2021

1. General information

The principal activity of the entity is computer consultancy services.

The company is a private company limited by shares, registered in United Kingdom. The address of the registered office is 5 Churchill Place, 10th Floor, London, E14 5HU.

The company registration number is 04832183.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Equity

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity investments are recognised as liabilities once they are no longer at the discretion of the company.

Going concern

During the year ended 31 December 2021 the company operations generated a £23,332,932 profit before tax. Net assets of the company demonstrate a strong growth, with cash balances of £38,227,095. The company's underlying profitability from operating activities remains good and is expected to continue to do so. We cannot accurately predict the extent to which the COVID-19 pandemic will continue to impact our business directly and indirectly, results of operation and financial condition. The directors actively monitor the business and the needs of our employees, customers, and communities to determine the appropriate actions to protect the health and safety of our employees and our ongoing operations. The directors to the best of their current knowledge and based on the procedures performed consider it appropriate to adopt the going concern basis in preparing the financial statements.

Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 401 of the Companies Act 2006 on the basis that it is a subsidiary undertaking, and its immediate parent undertaking is not established under the law of any part of the United Kingdom.

Epam Systems Limited

Notes to the financial statements (continued) Year ended 31 December 2021

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

1) Revenue recognition

Determining the estimated amount of variable consideration involves assumptions and judgement that can have an impact on the amount of revenues reported. Assumptions, risks and uncertainties inherent in the estimates used to measure progress of fixed-price contracts could affect the amount of revenues, receivables and deferred revenues at each reporting period.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows: Accrued income - key estimate is assessing the contractual entitlement to revenues as at the year-end date for work done at that stage. This involves a review of contracts, stage of progress of work programmes and this may differ to the actual invoice raised post year end.

The company also has an obligation under Group share based payment plans, so an assessment of the potential cost is also made, which necessitates assumptions on the market price of shares, staff retention

Epam Systems Limited

Notes to the financial statements (continued) Year ended 31 December 2021

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

Turnover from the rendering of services on fixed fee contracts is measured by reference to the stage of completion of the contract at the end of the reporting period, provided the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable

Recognition of turnover from the rendering of services on time and materials contracts is calculated with reference to the value of the time spent by the company's employees and contractors on these contracts during the accounting period.

Corporation tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Epam Systems Limited

Notes to the financial statements (continued) Year ended 31 December 2021

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Short leasehold property	-	Straight line over length of lease
Fittings fixtures and equipment	-	33% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Hire purchase and finance leases

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Epam Systems Limited

Notes to the financial statements (continued) Year ended 31 December 2021

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Financial instruments

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Epam Systems Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

Share-based payments

Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Rendering of services	299,458,325	216,144,019
	<u> </u>	<u> </u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£	£
United Kingdom	189,213,282	127,561,445
Rest of the world	110,245,043	88,582,574
	<u> </u>	<u> </u>
	299,458,325	216,144,019
	<u> </u>	<u> </u>

5. Other operating income

	2021	2020
	£	£
Government grant income	-	372,184
Other operating income	139,458	28,458
	<u> </u>	<u> </u>
	139,458	400,642
	<u> </u>	<u> </u>

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

6. Operating profit

Operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation of tangible assets	519,176	542,748
Loss on disposal of tangible assets	447	6,875
Impairment of trade debtors	(5,110)	121,597
Equity-settled share-based payments expense	4,214,377	3,891,791
Cash-settled share-based payments expense	163,742	222,033
Operating lease rentals	586,978	528,821
Foreign exchange differences	614,798	(2,225,279)
Fees payable for the audit of the financial statements	79,848	49,000
	<u> </u>	<u> </u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
Production staff	476	319
Administrative staff	45	34
Director	1	2
	<u> </u>	<u> </u>
	522	355

The aggregate payroll costs incurred during the year were:

	2021	2020
	£	£
Wages and salaries	57,441,400	38,203,173
Social security costs	10,419,214	6,323,703
Other pension costs	4,943,430	3,148,980
	<u> </u>	<u> </u>
	72,804,044	47,675,856
	<u> </u>	<u> </u>

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	222,394	564,088
Long-term incentive schemes	965,826	1,858,207
Company contributions to pension schemes in respect of qualifying services	18,700	38,228
	1,206,920	2,460,523
	1,206,920	2,460,523

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	Number	Number
Defined contribution plans	1	2
	1	2
	1	2

The number of directors who exercised share options and received shares under a long term incentive scheme during the year was as follows:

	2021	2020
	Number	Number
Directors who exercised share options	1	2
Directors who received shares under a long term incentive scheme	1	1
	1	1
	1	1

Remuneration of the highest paid directors in respect of qualifying services:

	2021	2020
	£	£
Aggregate remuneration	1,188,220	1,873,103
Company contributions to pension plans in respect of qualifying services	18,700	36,103
	1,206,920	1,909,206
	1,206,920	1,909,206

During the year the highest paid director exercised share options.

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

9. Other interest receivable and similar income		
	2021	2020
	£	£
Loans and receivables	(319)	11,242
Interest on cash and cash equivalents	14,871	9,978
Other interest receivable and similar income	-	6,624
	<hr/>	<hr/>
	14,552	27,844
	<hr/>	<hr/>
10. Amounts written off investments		
	2021	2020
	£	£
Impairment of investments in associates	-	2,788,761
	<hr/>	<hr/>
11. Interest payable and similar expenses		
	2021	2020
	£	£
Bank loans and overdrafts	2,322	-
	<hr/>	<hr/>

Epam Systems Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

12. Tax on profit

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	1,492,694	1,932,444
Adjustments in respect of previous periods	-	(208,076)
	<hr/>	<hr/>
Total UK current tax	1,492,694	1,724,368
Foreign current tax expense	-	14,898
	<hr/>	<hr/>
Total current tax	1,492,694	1,739,266
Deferred tax:		
Origination and reversal of timing differences	38,166	(612,455)
	<hr/>	<hr/>
Tax on profit	1,530,860	1,126,811
	<hr/>	<hr/>

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

Reconciliation of tax expense

The tax assessed on the profit for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%).

	2021	2020
	£	£
Profit before taxation	23,332,932	15,796,235
	<hr/>	<hr/>
Profit multiplied by rate of tax	4,433,257	3,001,285
Adjustments in respect of prior periods - group relief	-	(208,076)
Effect of expenses not deductible for tax purposes	59,261	589,200
Effect of capital allowances and depreciation	(10,565)	20,297
Utilisation of tax losses	-	(22,892)
Foreign tax	-	14,898
Timing differences pension and share based payments	793,147	10,839
Statutory deduction for share based payments	(3,744,240)	(2,278,740)
	<hr/>	<hr/>
Tax on profit	1,530,860	1,126,811
	<hr/>	<hr/>

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

13. Earnings per share

Basic earnings/(loss) per share

The earnings/(loss) and weighted average number of shares used in the calculation of basic earnings/(loss) per share are as follows:

	2021	2020
	£	£
Profit for the year attributable to the owners of the company	21,802,072	14,669,424
	<u> </u>	<u> </u>

Diluted earnings/(loss) per share

The earnings/(loss) and weighted average number of shares used in the calculation of diluted earnings/(loss) per share are as follows:

	2021	2020
	£	£
Earnings/(loss) used in calculation of basic earnings/(loss) per share	21,802,072	14,669,424
	<u> </u>	<u> </u>

14. Dividends

Equity dividends

	2021	2020
	£	£
Dividends paid during the year		15,000,000
	<u> </u>	<u> </u>

The dividends paid above exclude those for which a liability existed at the end of the prior year.

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

15. Tangible assets

	Short Fixtures, Total	leasehold fittings and	property equipment
	£	£	£
Cost			
At 1 January 2021	322,665	1,449,764	1,772,429
Additions	50,460	617,143	667,603
Disposals	-	(214,941)	(214,941)
Transfers	-	7,414	7,414
At 31 December 2021	373,125	1,859,380	2,232,505
Depreciation			
At 1 January 2021	226,792	624,236	851,028
Charge for the year	82,377	436,799	519,176
Disposals	-	(214,493)	(214,493)
Transfers	-	1,700	1,700
At 31 December 2021	309,169	848,242	1,157,411
Carrying amount			
At 31 December 2021	63,956	1,011,138	1,075,094
At 31 December 2020	95,873	825,528	921,401

The transfers on hive up relate to the cost and accumulated depreciation of fixed assets transferred from the subsidiary company, Ricston Limited.

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

16. Investments

	Shares in undertakings	Total
	£	£
Cost		
At 1 January 2021	41,153,809	41,153,809
Additions	(61,038)	(61,038)
	<u> </u>	<u> </u>
At 31 December 2021	41,092,771	41,092,771
	<u> </u>	<u> </u>
Impairment		
At 1 January 2021 and 31 December 2021	35,311,148	35,311,148
	<u> </u>	<u> </u>
Carrying amount		
At 31 December 2021	5,781,623	5,781,623
	<u> </u>	<u> </u>
At 31 December 2020	5,842,661	5,842,661
	<u> </u>	<u> </u>

Epam Systems Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

Investments in group undertakings

	Registered office	Class of share	Percentage of shares held
Subsidiary undertakings			
Great Fridays Limited	Same as Epam Systems Limited	Ordinary	100
Epam Spain (Euro)	Arbea Campus Empresarial, Edificio 2, 2 Planta, Citra Fuencarral a Alcobendas, Km 3,8 28108 Alcobendas - Madrid, Spain	Ordinary	100
Think Limited (£)	Same as Epam Systems Limited	Ordinary	100
Ricston Limited	Malta, Triq G.F. Aguis De Soldanis, Birkirkara	Ordinary	100
Epam Systems Int Srl (Romania) bld	Corneliu Coposu Nr6-8 Et.2 Bucharest	Ordinary	100

17. Debtors

	2021	2020
	£	£
Trade debtors	63,626,348	37,089,717
Amounts owed by group undertakings	17,141,782	5,232,844
Deferred tax asset (note 19)	771,320	809,485
Prepayments and accrued income	6,383,446	1,284,571
Other debtors	1,586,919	517,993
	<u>89,509,815</u>	<u>44,934,610</u>

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

18. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	619,698	840,171
Amounts owed to group undertakings	64,178,221	38,681,544
Accruals and deferred income	18,281,715	10,962,107
Social security and other taxes	14,158,762	11,451,938
Other creditors	1,072,409	1,132,095
	98,310,805	63,067,855
	98,310,805	63,067,855

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in debtors (note 17)	771,320	809,485
	771,320	809,485
	771,320	809,485

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	2020
	£	£
Accelerated capital allowances	(140,666)	(90,821)
Unused tax losses	-	41,098
Pension plan obligations	911,986	859,208
	771,320	809,485
	771,320	809,485

20. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £4,943,430 (2020: £3,112,877).

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

21. Share-based payments

The company is a member of the Epam Group and the UK employees are within the Group world-wide scheme.

The company has two main share-based payment schemes

- 1) Share options
- 2) Restricted share units

Both are equity settled with UK employees being granted share options or RSU's in the parent company Epam Inc. Epam Inc is listed so a market price of the shares is readily available.

As a Group share based plan, the fair value of the share options and RSU's is initially recognised in the Parent company accounts. The UK company is recharged on a quarterly basis for the cost of any share options or RSU's vested during the accounting year. The UK company does however declare the gains and amounts arising via the UK payroll and is directly responsible for the employer national insurance contributions arising. The basis of allocation of expense to the UK is based on the reported amounts on the UK payroll.

The financial statements include an accrual for the potential sums due on the RSU shares. The first anniversary of the vesting of RSU units arose after the year end and the amount so provided is based on the fair value of the outstanding shares and an assessment of the likely number of RSU's that will expire prior to exercise.

Details of the number and weighted average exercise prices (WAEP) of share options during the year:

	2021		2020	
	No.	WAEP	No.	WAEP
Outstanding at 1 January 2021	51,017	68.60	89,938	51.89
Granted during the year	6,607	400.99	9,726	136.64
Forfeited during the year	-	-	(7,489)	94.40
Exercised during the year	(11,614)	89.25	(41,158)	41.04
Outstanding at 31 December 2021	<u>46,010</u>	<u>122.10</u>	<u>51,017</u>	<u>68.60</u>
Exercisable at 31 December 2021	<u>34,013</u>	<u>122.10</u>	<u>37,373</u>	<u>68.60</u>

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

The total expense recognised in profit or loss for the year is as follows:

	2021	2020
	£	£
Equity-settled share-based payments	4,214,377	3,891,791
Cash-settled share-based payments	163,742	222,033
	4,378,119	4,113,824
	4,378,119	4,113,824

In respect of share options, the fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model. Effective from 1 January 2018, the company changed its methodology for estimating volatility used in the Black-Scholes option valuation model. Prior to this date the company estimated the volatility of its common stock by using the historical volatility of peer public companies including the company's historical volatility.

Epam Systems Limited recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense for the group.

22. Government grants

	£	£
Grants received or receivable	-	372,184
Released to the profit or loss	-	(372,184)
	-	-
At end of year	-	-

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	-	372,184
	-	372,184
	-	372,184

Epam Systems Limited

**Notes to the financial statements (continued)
Year ended 31 December 2021**

23. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No	£	No	£
Ordinary shares of \$0.01 each	100	1	100	1
	<hr/>	<hr/>	<hr/>	<hr/>

24. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses

25. Analysis of changes in net debt

	At 1 January 2021	Cash flows	At 31 December 2021
	£	£	£
Cash and cash equivalents	48,674,055	(10,446,960)	38,227,095
	<hr/>	<hr/>	<hr/>

26. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	144,433	502,388
Later than 1 year and not later than 5 years	165,094	23,399
	<hr/>	<hr/>
	309,527	525,787
	<hr/>	<hr/>

Epam Systems Limited

Notes to the financial statements (continued) Year ended 31 December 2021

27. Events after the end of the reporting period

There have been no significant events affecting the company since the year end requiring disclosure or adjustment in the financial statements.

28. Related party transactions

The FRS 102 exemption has been utilised to not disclose transactions with wholly owned members of the Epam Group.

29. Controlling party

The largest group of undertakings for which group accounts are drawn up and of which the company is a member is Epam Inc. The ultimate parent undertaking is incorporated in the United States. Its principal place of business / headquarters is 41 University Drive, Suite 202, Newtown, PA 18940, USA. Copies of the consolidated accounts can be obtained from the company website www.epam.com. Epam Inc is quoted on the NYSE and its shareholders are primarily institutional investors, so that no one person has significant control of the group of the UK subsidiary, Epam Systems Limited.